Rural Health Care Pilot Program

The FCC has initiated a pilot funding program to facilitate the creation of a nationwide broadband network dedicated to health care, connecting public and private non-profit health care providers in rural and urban locations. Set forth below is information about this pilot program, including:

1) The FCC Order adopting the pilot program;

2) The FCC News Release accompanying the order;

3) An overview of the program in PDF slide presentation format;

4) Frequently Asked Questions (FAQs);

5) An FCC Public Notice seeking comment on a petition filed by National Lambdarail, Inc. in connection with the pilot program.

Please Note: The overview of the pilot program and the FAQs are provided for general informational purposes only, and should not be considered official summaries of the FCC order adopting the program. Both the overview of the program and the FAQs may be updated periodically. Interested parties may wish to check this web page accordingly.

FAQ's

What is the Rural Health Care pilot program?

The pilot program is an enhanced funding initiative intended to help public and non-profit health care providers construct state- and region-wide broadband networks to provide telehealth and telemedicine services throughout the nation. The program will fund up to 85% of the costs of constructing those networks, as well as the costs of advanced telecommunications and information services that will ride over these networks. If selected, up to 85% of the cost of connecting to Internet2, a dedicated nationwide backbone, may also be funded by the pilot program. Connection to Internet 2 is not required, but may be requested by the applicants.

What is Internet2?

Internet2 is a not-for-profit advanced networking consortium comprising more than 200 U.S. universities in cooperation with 70 leading corporations, 45 government agencies, laboratories and other institutions of higher learning as well as over 50 international partner organizations. The organization is governed by an executive Board of Trustees and strategic councils consisting of leaders who represent a broad membership. More information may be found at www.internet2.edu.

What are the benefits of this pilot program?

- A broadband network that connects multiple health care providers will bring the benefits of innovative telehealth and, in particular, telemedicine services to those areas of the country where the need for those benefits is most acute.

- Linking statewide and regional networks to a nationwide backbone will connect a number of government research institutions, as well as academic, public, and private health care institutions that are important sources of medical expertise and information.

- Health care providers will gain increased access to advanced applications in continuing education and research.

- A ubiquitous nationwide broadband network dedicated to health care will enhance the health care community's ability to provide a rapid and coordinated response in the event of a national crisis.

Why is the FCC launching this program?

- Although the Commission has taken a number of steps to spur deployment of the type of broadband facilities that would support advanced medical technologies, to date our rural health care funding mechanism has not adequately provided the type of support needed to encourage development of dedicated broadband networks among health care providers.

- The pilot program offers a way to more effectively use the Rural Health Care program, which has not been fully utilized to date. Less than 10% of the Rural Health Care funding authorized by the FCC has been disbursed in each year since the program was started in 1997.

- Because of the enormous benefits of broadband telemedicine applications, it is essential that the FCC take additional steps now to facilitate broadband deployment by health care providers. This pilot program is such a step. In addition, a broadband network will facilitate President Bush's goal of implementing Electronic Medical Records by 2014.

- Before taking further action to revise or expand the current RHC program, however, the Commission believes that it is prudent to engage in a trial program that will provide us with a more complete and practical understanding of how to ensure the best use of these available funds.

How does this pilot program differ from the FCC's existing Rural Health Care program?

- As an initial matter, the pilot program includes eligible health care providers in urban areas, rather then just rural areas.

- The pilot program focuses on creating regional and state-wide networks rather than individual links between urban and rural networks. Health care providers will now have an incentive to jointly plan the most efficient network configurations based upon their local, regional or statewide needs.

- The pilot program is broader in scope and will fund up to 85% of the costs of the actual infrastructure design and deployment of broadband networks.

- The pilot program will also provide funding to support up to 85% of the cost of connecting the state or regional networks to Internet2, a dedicated nationwide backbone, if requested.

- In contrast, the existing Rural Health Care funding program is designed to ensure that rural health care providers pay no more than their urban counterparts for their telecommunications needs in providing health care services.

How much total funding is available under the pilot program?

- To ensure the financial reasonableness of the pilot program, the total funding amount for this program is based on a formula that considers two factors:

    1) the amount of money already committed for the current funding year under the existing Rural Health Care program; and
    2) a figure of $100 million which is 25% of the total $400 million annual Rural Health Care cap.

- Using these factors, the funding for the pilot program will not exceed the difference between the amount committed under the existing Rural Health Care program for the current year and $100 million.

- Based on past experience under the current Rural Health Care program, the FCC estimates that approximately $55-60 million will be available for the pilot program in Funding Year 2006, and again in 2007.

What types of broadband costs are covered by the pilot program?

The pilot program will pay up to 85% of the costs incurred to deploy a state or regional dedicated broadband health care network, including:

- Initial network design studies;

- Transmission facilities;

- Recurring and non-recurring costs of advanced telecommunications and information services; and

- Costs of connecting the regional or state networks to Internet2, a dedicated nationwide backbone, if requested.

Applicants will be required to fund the remaining costs of 15% or more, depending on the amount of the funding awarded to the applicant under the pilot program. This requirement should create an incentive for applicants to choose the most efficient and cost-effective technologies and service provider(s).

Medical services and technologies themselves are not covered by the program.

Who may apply to participate in the program?

- All eligible public and non-profit health care providers may apply to participate in the pilot program, but applicants *must* include public and non-profit health care providers that serve rural areas in their proposals.

Who is eligible to receive funding under this program?

- Public and not-for-profit health care providers are eligible to receive funding. For purposes of the pilot program, the definition of "Health Care Provider" is the same as that of Section 254(h)(7)(B) of the Communications Act and the FCC's rules for the existing Rural Health Care program. Eligible health care providers include:

    o Post-secondary educational institutions offering health care instruction, teaching hospitals, or medical schools;

- o Community health centers or health centers providing health care to migrants;

- o Local health departments or agencies including dedicated emergency departments of rural for-profit hospitals;

- o Community mental health centers;

- o Not-for-profit hospitals;

- o Rural health clinics, including mobile clinics;

- o Consortia of health care providers consisting of one or more of the above entities; and

- o Part-time eligible entities located in otherwise ineligible facilities.

- Non-eligible health care providers include any for-profit institutions (except as noted above), or any health care provider types not listed above. Examples of non-eligible providers include:

  - o Private physician offices or clinics;

  - o Nursing homes or other long-term care facilities (e.g. assisted living facilities);

  - o Residential substance abuse treatment facilities;

  - o Hospices;

  - o Emergency medical service facilities (e.g., rescue squads, ambulance services);

  - o For-profit hospitals;

  - o Home health agencies;

  - o Blood banks;

  - o Social service agencies; and

  - o Community centers, vocational rehabilitation centers, youth centers.

Will for-profit health care providers be allowed to connect to the network?

Yes. Applicants may include for-profit health care providers in their proposals as network participants. However, for-profit health care providers will be required to pay for their own costs of connecting to the network. In fact, one of the criteria specified in the order is that applicants describe how for-profit network participants will pay their fair share of the network costs.

Is the program limited to only rural health care providers?

No. Urban or suburban health care providers may also apply. However, applicants *must* include in their proposed networks public and non-profit health care providers that serve rural areas, and particular weight will be given to applications that propose to connect the rural health care providers in a given state or region. A proposal that connects only a *de minimis* (insignificant) number of rural health care providers will not be accepted.

Are participants required to use particular broadband providers or technologies under the program?

No. The pilot program is neutral about these factors and allows participants to use any broadband provider or currently available technology of their choosing, as long as the providers and technologies ultimately satisfy the FCC's competitive bidding and cost-effectiveness requirements.

Why does the pilot program include funding for urban or suburban health care providers?

Section 254(h)(2)(A) of the Telecommunications Act does not limit support to rural health care providers. By including urban and suburban health care providers in the pilot program as well as rural health care providers, applicants will have access to additional sources of medical expertise and information and will have greater freedom to design the most efficient network for their communities.

What criteria will the FCC use to determine who receives funding?

The FCC will consider whether an applicant has a plan for:

- Aggregating (pooling) the specific needs of health care providers, including providers that serve rural areas, within a state or region.

- Leveraging (utilizing) existing technology to adopt the most efficient and cost effective means of connecting those providers.

In addition, the FCC will consider:

- How the applicant plans to fully utilize a newly created dedicated broadband network to provide health care services.

- Whether the applicant has a successful track record in developing, coordinating, and implementing a successful telehealth/telemedicine program within their state or region.

- The number of health care providers that would be included in the proposed network.. Considerable weight will be given to applications that propose to connect the rural health care providers in a given state or region. A proposal that connects only a *de minimis* (insignificant) number of rural health care providers will not be accepted.

Is there a specific FCC application form that must be submitted to the FCC for the pilot program?

No, there is no specific FCC application form that must be filed as part of the initial application process. Instead of a specific application form, the initial application process consists of submitting a proposal that includes certain information to the FCC. After being selected, participants in the pilot program will be required to follow the normal Rural Health Care program procedures and adhere to the terms of the application award.

What information must be filed with the FCC to apply for the program?

To be eligible for participation in the pilot program, interested parties should submit applications that:

- Identify the organization that will be legally and financially responsible for the conduct of activities supported by the fund;

- Identify the goals and objectives of the proposed network;

- Estimate the network's total costs for each year;

- Describe how for-profit network participants will pay their fair share of the network costs;

- Identify the source of financial support and anticipated revenues that will pay for costs not covered by the fund;

- List the health care facilities that will be included in the network;

- Provide the address, zip code, Rural Urban Commuting Area (RUCA) code and phone number for each health care facility participating in the network;

- Indicate previous experience in developing and managing telemedicine programs;

- Provide a project management plan outlining the project's leadership and management structure, as well as its work plan, schedule, and budget;

- Indicate how the telemedicine program will be coordinated throughout the state or region; and

- Indicate to what extent the network can be self-sustaining once established.

What are the actual mechanics of filing applications with the FCC?

Applications should reference the FCC docket number for this pilot program (WC Docket No. 02-60) only, and may be filed using (1) the Commission's Electronic Comment Filing System (ECFS), or (2) by filing paper copies.

Electronic Filers: Applications may be filed electronically using the Internet by accessing the ECFS at http://www.fcc.gov/cgb/ecfs/. Applicants should follow the same instructions provided on the website for submitting comments. In completing the transmittal screen, ECFS filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. To get filing instructions for e-mail applications, commenters should send and e-mail to ecfs@fcc.gov and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

Paper Filers: Parties who choose to file by paper must file an original and four copies of each application. Applications can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

Hand-delivered or messenger delivered applications. The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, NE, Suite 110, Washington, DC 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, SW, Washington DC 20554.

Courtesy Copies. Applicants must also send a courtesy copy of their application to each of the following individuals: 1) Erika Olsen, (202) 418-2868, erika.olsen@fcc.gov; 2) Thomas Buckley, (202) 418-0725, thomas.buckley@fcc.gov; and 3) Jeremy Marcus, (202) 418-0059, jeremy.marcus@fcc.gov. Each is located in

the Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554.

What is the application deadline?

Applications must be filed 30 days from the receipt of Office of Management and Budget (OMB) approval of the information collection requirements contained in the FCC's Order. OMB approval is expected to take from 90 to 120 days from October 18, 2006, the date on which notice of the Paperwork Reduction Act collection requirements was published in the Federal Register. The FCC will issue a Public Notice announcing OMB approval once that has occurred.

Who will review the applications and determine the recipients of funding?

The FCC will review the applications and determine the recipients of funding.

Who will disburse the funding?

The Universal Service Administrative Company (USAC), which administers the FCC's Universal Service programs, will disburse the funding.

Once participants are selected, what further regulatory requirements must they satisfy?

- Applicants will be required to comply with the general regulatory requirements of the existing Rural Health Care funding program and the terms of the application award. These requirements include competitive bidding, certification, and other measures intended to ensure funds are used for their intended purpose. Once selected, applicants must submit an FCC Form 465 and their proposal will be placed on USAC's website for competitive bidding.

- The FCC recognizes that some of these requirements may need to be waived to implement this pilot program. Accordingly, applicants should identify in their application any rules that they would like the FCC to waive for purposes of this pilot program.

How will the FCC evaluate the outcome of the pilot program?

Upon completion of the pilot program, the FCC will issue a report detailing the results of the pilot program and the status of the Rural Health Care program generally, and recommend any changes that are needed to improve the program. In addition, the FCC intends to incorporate the information gathered as part of this pilot program in the record of any subsequent proceeding.

Who can be contacted for further information about the pilot program?

- Further information is also available on the FCC's Web site located at www.fcc.gov. Information on the existing Rural Health Care program is available on the USAC's website at www.universalservice.org.

- For more information on the FCC's Universal Service Programs, call us at 1-888-CALL-FCC (1-888-225-5322) voice or 1-888-TELL-FCC (1-888-835-5322) TTY. You can also view fact sheets on the Universal Service programs by visiting:

www.fcc.gov/cgb/consumerfacts/universalservice.html
www.fcc.gov/cgb/consumerfacts/usp_RuralHealthcare.html
www.fcc.gov/cgb/consumerfacts/Illu.html
www.fcc.gov/cgb/consumerfacts/usp_Schools.html
www.fcc.gov/cgb/consumerfacts/tribalfactsheet.html.

How can I get a copy of the FCC order discussing this pilot program?

- The FCC order is available online at:
  http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-06-144A1.doc.

- Copies of the FCC order and of other FCC documents in paper format and alternative media, including large print/type; digital disk; and audio tape can be obtained from:

  Best Copy and Printing, Inc.
  Portals II
  445 12th St. S.W.
  Room CY-B402
  Washington DC 20554
  www.bcpiweb.com
  1-800-378-3160

- To request copies of the FCC order and of other FCC documents in an accessible format for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at (202) 418-0530 (voice), (202) 418-0432 (TTY).

The Order specifies the applications must include eligible health care providers that serve "rural areas." What is the definition of "rural area" for purposes of this program?

The definition of "rural area" for the pilot program is the same definition used under the current rural health care program and specified in section 54.5 of the Commission's rules. 47 C.F.R. § 54.5.

How will monies be disbursed once vendors are selected by those chosen to participate in the program?

Monies will be disbursed by USAC in the same manner in which they are disbursed under the current rural health care program. Generally, this includes the following process. Once selected, participants will be expected to file an FCC Form 465 with USAC to seek competitive bids for approved pilot program activities. Once the 465 is posted by USAC to the web, the applicant must wait 28 days and consider all offers before selecting a vendor. Once a vendor is selected, FCC Form 466 or 466-A is filed with USAC, and USAC will in turn issue a funding commitment letter. Submission of the FCC Form 467 to USAC completes this process with funds being disbursed or credited as appropriate. To the extent that the existing disbursement schedule is incompatible with an applicant's needs, the applicant should seek a waiver of the relevant requirements or otherwise request an alternative schedule. Generally, however, funds will not be disbursed until services are actually provided.

Will funding be available for indirect costs?

No. Indirect costs are not contemplated for funding under the pilot program. Funding is available for network design studies, infrastructure deployment, and advanced telecommunications and information services. Applicants should be specific in their proposals in terms of the types of activities for which support is sought. Successful applicants will be required to adhere to the terms of the award

order, and will also be subject to the FCC's audit and oversight authority with respect to the funds awarded.

May the applicant's obligation for costs not covered by the pilot program be met by providing a "soft" match or "in-kind" services?

No. Applicants chosen to participate in the pilot program must be prepared to fund those costs not covered by the pilot program, and must specify in their applications the source of financial support and anticipated revenues that will pay for these unfunded costs. By way of non-exclusive example, this means that the salary expenses of administrative or other staff members will not be considered as fulfilling an applicant's obligation to fund costs not otherwise covered by the pilot program.

May I amend my application once submitted?

Yes. However, applicants are cautioned to submit initial applications that are as complete as possible. If amendment is required, applicants are encouraged to submit any changes as soon as possible to ensure consideration of any amended materials.

How many funding awards will be made, and at what levels?

The number of awards made and the amount for each award will depend on the volume and quality of the applications received. There is no set limit on either, with the exception of the fact that the pilot program is limited such that funds for the pilot program and the existing rural health care program combined will not exceed $100 million in a particular funding year.

Will funding only be available for new networks, or are upgrades to existing networks to make them suitable for health care purposes eligible for funding?

Upgrades will be considered for funding, and applicants are encouraged to leverage existing networks. However, funding is not available to reimburse applicants for deployments already made.

Will pilot program participants have advanced telecommunications and information services funded at up to 85%, as well as infrastructure funded at up to 85%, or is funding for services restricted to the current limits under the existing rural health care program?

Costs for both infrastructure and advanced telecommunications or information services may be funded at up to 85%.

May applicants selected for the pilot program continue to participate in the existing rural health care program providing subsidies for services?

Participation in the pilot program will not impact eligibility under the existing program *except* that funding may not be provided under both the existing program and the pilot program for the same services. "Double dipping" will not be permitted, and applicants are reminded that funding recipients under either program are subject to the Commission's audit and oversight authority. Moreover, the pilot program contemplates providing funding for advanced telecommunications and information

services at up to 85% of the cost, which would generally be above the limits under the current program.

Is there a limit on how many applications the Commission will accept for a given state?

No. There is no limit on how many applications per state may be submitted. However, the Commission strongly encourages coordination among applicants, and where overlap occurs with respect to applications the Commission will take this into consideration.

Who will select pilot program participants, and how will applications be scored?

The Commission will evaluate the submitted applications and select pilot program participants. Selection criteria are addressed in the Order implementing the pilot program, FCC 06-144 (released Sept. 29, 2006).

Notices & Press Releases

11/06/06
WCB Seeks Comment on the Petition for Reconsideration or in the Alternative, Clarification Filed by National LambdaRail, Inc. On October 30, 2006, National LambdaRail, Inc. filed a petition for reconsideration or, in the alternative, clarification of the Commission's Order establishing a rural health care pilot program to encourage the provision of telehealth and telemedicine services throughout the nation. Comment Date: 11/21/06; Reply Comment Date: 11/28/06. WC Docket No. 02-60.
Public Notice: Word | PDF

9/26/06
FCC Adopts Pilot Program Under Rural Health Care Mechanism.
Order: Word | PDF
News Release: Word | PDF
Martin Statement: Word | PDF
Copps Statement: Word | PDF
Adelstein Statement: Word | PDF
Tate Statement: Word | PDF
McDowell Statement: Word | PDF

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